6.1 Summary

Retail sales are growing exponentially, both nationally and internationally. However the spread of organized retailing among various countries varies depending upon the socio-economic factors related to the country. In the developed economies, organized retail is in the range of 75-80 per cent of total retail, whereas in developing economies, the unorganized sector dominates the retail business. In developing countries, the retailing business continues to be dominated by family-run neighbourhood shops and open markets.

With the changing demographic features and improvement in quality of life of urban India, the Indian retail sector is witnessing a tremendous growth. Strong underlying economic growth, population expansion, the increasing wealth of individuals and the rapid construction of organised retail infrastructure are key factors behind the growth. The growth in the overall retail market will be driven largely by the explosion in the organized retail market.

The market is witnessing a migration from traditional retailing to modern/Organised retailing formats, with an explosive proliferation of malls and branded outlets. Modern retailing outlets in India are increasingly becoming global in standards and are witnessing intense competition over 12 million small and medium retail outlets exist in India, the highest in any
country. Traditional retail is highly pronounced in small towns and cities, with a primary presence of neighbourhood 'kirana' stores, push-cart vendors, 'melas' and 'mandis'.

The growth in organized retailing has been the national trend over the last decade, with many organized retail chains developing larger stores that specialize in providing a wide selection of produce in a particular product range, lucrative pricing, one stop shopping etc. Most Organised retailing activity in India is still overwhelmingly concentrated in India’s two largest metros - Delhi/NCR (National Capital Region) and Mumbai (Jones Lang LaSalle Meghraj, in 2007). The above study classifies the top 50 cities of India into maturing, transitional and emerging cities on the basis retail and property landscape. New retailers (both national and international) are still largely focused on India’s main cities, but expanding domestic retailers and mall developers are now selectively focusing on smaller cities like Visakhapatnam. It is therefore projected that the next phase of expansion of retail sector in India will be focused on the emerging cities of India which promise excellent opportunity for organized retailers. And a closer look at the cities of Andhra Pradesh indicates that, while retailing has made considerable inroads in Hyderabad which has been categorized as transitional city, organized retailing in Visakhapatnam is still emerging and that in Vijayawada is still in its nascent stages. The traditional markets of Visakhapatnam and Vijayawada are still dominated by unorganized retailers and organized retailing has just entered in the foray since 2000.

Organised retailers entered Visakhapatnam in early 2000 and today there are over 50 organized retail outlet at Visakhapatnam, which contribute to very
meagre share in the overall retail business. Despite the tremendous potentials such as low property value, growing income levels, changing socio-economic profile and large percentage of young population, which promotes organized retailing the growth of organized retailers in Visakhapatnam has been modest during the period 2006-09.

This prompted a study to establish the potentials of Visakhapatnam for the growth of retailing with the focus on consumer preferences and behaviour. Further, since the city is dominated by traditional retailers, the study also attempts to establish the impact of organized retailers on unorganized sector in Visakhapatnam with respect to the purchase behaviour consumers of food and grocery (The outlets which sells food, grocery, household items, toiletries and cosmetics). These aspects have been dealt in detail in Chapter I.

Towards this, the main objective of this study has been to analyze the impact of growth of organized retailers on unorganized retailers in the food and grocery segment in Visakhapatnam. With this overall objective the sub objectives of the study are as follows.

1. To analyze the present retail scenario with respect to the share of unorganized retailers.
2. To analyze the factors affecting the buying behaviour of consumers with respect to food and grocery in retail business.
3. To analyse the perception of unorganized retailer on the entry of organized players based on performance of last two years.
4. To study the reasons for consumers patronizing unorganized retailer despite the existence of new organized formats.
5. To analyse the various factors influencing the preference of a retail outlet by a customer.

6. To identify the potential for the organised retailers in AP and suggest few strategies to unorganised retailers to compete with organised retailers.

On realization of the objectives, the researcher progressed with the study of the available literature on the subject, wherein, the concept of consumer behaviour, theories involved; models and tools available based earlier studies, retailing models and strategies and gathered the statistical data on the retail industry. These have been explained in detail in Chapter 3.

Descriptive research method has been used in the present study. Descriptive studies are designed to obtain pertinent and precise information concerning the current status of phenomena and whenever possible, to draw valid general conclusions from the facts discussed. The main purpose of the study is to find out the current performance of the neighbourhood shops of retailers in and around Visakhapatnam and find out the impact of retailing of food and grocery business performed by them and to what extent they are getting customer satisfaction.

Two open ended structured questionnaire, one for the organized retailer and the other for customers of the retailer have been used for data collection. In addition to interviewing, data was also collected from secondary sources and through observations during field activities. The information gathered was gathered and analysed using SPSS 7.5 statistical package. Statistical tests such as Chi Square Test, ANOVA and Multiple Regression Methods were
used to test the hypotheses, and the results are present in relevant tables. Means, standard deviation and regression analysis were also performed and presented in relevant tables (Chapter 5).

The findings of the study are presented in three parts, i.e. unorganized retailer business, buying pattern of customers of organized retailer and buying pattern of customers of unorganized retailer. These findings are presented in Chapter 6.

From the results and discussions it is concluded that, despite the strength and apparent plausibility of the above findings, some limitations are identified in the study. Firstly, sampling method has been adopted for the study due to the large population of the units involved. Even though measures have been taken to reduce sampling error, the marginal effect of this error cannot be ignored. Secondly, the success of any retail format depends on the total retail market strategy, financial strategy, retail locations, pricing, sourcing, consumer behaviour etc: The study primarily focuses on consumer behavioural aspects and does not cover other aspects logistics and supply chain, Store area etc. Thirdly, the focus of the study is on the prospects and potentials of retailing in emerging cities in Andhra Pradesh based on the survey conducted at Visakhapatnam. While this is based on the similarities in social economic profile of population in emerging cities, the regional biases and preferences would have certain influences on the findings for other cities, which need to be addressed by detailed survey covering all cities. Fourthly, the survey has been based on the division of the city according to the constituent assemblies as the census data was available for the same. An
ideal case would have been to segregate as per the commercial and socio-economic features of the city. Fifthly, as in the case of any study based on survey, there is an element of personal bias as inferences are drawn based on the response of consumers and unorganized retailers. Finally, the score of the objective factors is measured with the help of response rendered by the respondents of the retailers on a structured questionnaire is taken as an index of performance.

6.2 Major Findings

The findings of the study are divided into three parts. First part deals with the major findings of the data analysis of the unorganized retailer survey. The second part deals with the analysis of the results of the survey of buying behaviour of customers of organized retailer and the third part deals with the major findings of the survey of buying behaviour of customers of unorganized retailer. The major findings of the study are explained below.

6.2.1 Unorganized Retailer Business

1. Of the 200 samples, it is observed that the majority of respondents (owners of unorganized retail outlets) belong to the age group of 40-49 years. It is apparent from this that unorganised retailing is dominated by people of higher age group and majority of them has already been in this business for more than 5 years. With a meagre 10% entering the scene of traditional retailing within the last 5 years, it could be inferred that the traditional retailing still remains the forte of older age group who have been in this business for long. This is due to following:-
(a) The older generation involved in the traditional retailing is unaware of the advantages of an Organised retail outlet and its future growth prospects.

(b) The traditional retailer still believes that there is enough scope and room for them to survive despite entry of organised retailers. Probability due to his confidence in strong loyalty of local consumers and meeting their specific needs.

(c) The younger age group of retailers, say below the age of 35 years, who are well aware of the modern trends in retailing do not consider traditional formats as viable option for future livelihood. A study carried out by HC Purohit and Kavita in 2009, aimed at establishing the survival strategies of traditional retailers in the modern era shows that majority of the traditional retailers considers that modern retailing is going to have a negative impact on the traditional formats.

2. It is also observed that the major portion had only the basic educational qualifications and the number of respondents in the higher education level category is very low. As the very nature of the Unorganised retail formats do not require any formal training or expertise on the part of the retailer, the uneducated and those possessing minimum education background has over the years have found this sector suitable. The majority of the respondents belong to the category of uneducated lot, who must have taken this up as a livelihood.
3. It is observed that about majority of the surveyed outlet belongs to the category of general stores. Only meagre 5.0% respondents belong to the conventional format like grocery stores. Traditionally the local mom and pop shops used to cater for the grocery requirement of locality. Subsequent the entry of Organised retailing formats, one of the apparent advantages that the traditional retailers found was the ability of the organised format to lure the customer with their range of products (promoting one stop shopping). This has lead to a proliferation of general store formats among the traditional retailers, to cater for the daily requirement of grocery, packaged food, perishable food products, toiletries etc.

4. The store area of the maximum outlets is less than 200 sqft. And godown area of less than 100sft. The result therefore tallies with the finding of the national survey conducted by ICRIER in 2008, which revealed that the average size of traditional retail outlet selling food and grocery had an average size of 217 sqft which includes the go down area.

5. According to the unorganized retailers, a significant group of their customers belong to Lower Class and Lower Middle Class. The lower class represents people who are either daily-wagers or who work for the Unorganised trade and industry; their employment is seasonal which means they may remain jobless during the off-season. Their purchases are meagre and suit only the mom-and-pop stores. Those belonging to the lower end of the middle – income group are generally employees of
organised public/private sector. Not generally upwardly mobile, this group of employees has over a period of time perfected the art of living within their means. To these people too, organised retail makes little sense since they cannot afford to pay cash down for their purchases. They buy from the mom-and-pop stores on credit during the month and settle the bill when they receive their salaries in the first week of the succeeding month. This also corroborates with the finding that majority of the Unorganised retailer considers cash credit is strong feature of their outlet which attracts and retain the target consumers.

6. Among the facilities available in an unorganised retail, it is observed that a majority of respondents use refrigerators/hot cases for storage of perishable food materials. The second most used facility is electronic weighing machine and the third used facility is computerized billing. Among the facilities which the respondents are planning to implement, air conditioning of the outlet ranks first. The organized outlets runs on a large amount of automated facilities like Air conditioned outlets, credit card machine, scanning barcode reading, computerized accounting etc. Although these facilities are not at the easy reach of unorganized retailers which runs with limited investments, the features like electronic weighing machines and computerized billing which they had incorporated to survive is indicative of the fact that the Unorganised retailer considers this modern features improves his efficiency and image. Further, it is also indicative of their willingness to imbibe technology as long it’s useful and is within their reach. This finding is in line with that of Dr. Paromita Goswami, Dr.
Mridula S. Mishra, 2009 in their study “Whether Indian Consumers Are Likely To Move From Traditional Kirana Stores To Large Organized Retailers While Shopping For Groceries”, which indicate that it is inevitable that there should be a modernization of commerce in terms of facilities and services.

7. The strong features of the unorganized retailers are the personal care and other services like cash credit and home delivery given to the individual customers. Among the features that contribute to personal care, the unorganized retailers feel that features like cash credit and home delivery to its customers attracts / retains them. The Unorganised retailer here follows the Concentrated Marketing Strategy, which is aimed at connecting with and selling products to a specific consumer group. As elaborated by Broadbridge and Calderwood,(2002), in an age of increasing competition from large-scale organized grocery retailers, local shops need to have the commitment and willingness to cater for the local community for survival, which means focusing attention more closely on local residents’ wants and needs.

8. Even the traditional unorganised retailers feel that super market is the way to future and hence they should change with the modern time. Further, majority of them plan to continue with their current business. From these observations it could be inferred that while they intend to continue with their traditional approach, they do accept that they need to modernise. This is also suggestive of the confidence they have in the traditional format
and its future prospects which is based on their strong faith in loyal customer’s base and their personal relationship with the customers. Even with the entry and expansion of Organised retail formats, the traditional retailers believe that their traditional form will survive. An earlier study by Sinha and Banerjee, 2004 supports the above finding. According to them, the major drivers for choosing a grocery store in India seem to be nearness to place of residence and the comfort level that the respondents has in dealing with the store owner (measured in terms of personal relationship with the shopkeeper).

9. Considering the huge employment opportunity in retail sector and to thwart the fears of the traditional retailers there has been studies in the past (eg. Thakkar and Bhatt, 2007) to analyse the possibility of inviting small retailers as well as individuals to become franchisees on a revenue sharing model. Accordingly, the respondents (Unorganised Retailers) were asked about their opinion on taking up the franchisee of organized retail outlets. Almost all respondents have expressed unwillingness to become franchisees of organised retailers.

10. One of the hypothesis tested was whether the age group of the retailers is not significant in dealing with determinants of store choice selected for the study such as facilities available, product categories, various services offered, how the retailer deals with the market trends as well as competition and Readiness to face the impact of organized retailer. It emerges from the analysis that there is no significant difference between
the age group of the respondents and the three determinants such as service provided by them, the facilities of the shop and the way they deal with market trends and competition.

11. Another hypothesis tested was that the educational qualification of unorganized retailers is not significant in dealing with the above mentioned determinants of store choice. Even though majority of the respondents had only the basic educational qualifications, it is inferred that there is a significant difference between educational qualification of the respondent and the determinants like various product categories he deal with, readiness to face impact of organized retail and facilities of the outlet. It is observed that among the respondents there were few well qualified retailers also. The majority of this part is youngsters who believe in innovating to meet the present requirement of the customers.

6.2.2 Profile and buying behaviour of customers of unorganized retailer

1. The maximum respondents who visited the unorganized outlet were in the age category of 50-59 yrs. who stay very close to the outlet and reach the unorganized outlet by walk. The finding coincides with an earlier study by Moschis et al, 2004. He observed that older consumers are very price-conscious, enjoy interactions and prefer to shop in a store where they can receive special-assistance services.

2. Majority of the respondents visit the same unorganized outlet more than thrice a month for purchase and spends very less amount during each visits. Since the majority of the respondents who visit the
unorganized retailer are people who belong to low and middle income group who will not make bulk purchases, the frequency of their visits are more to the outlet. Also an earlier study by Kim and Park, 1997 described that 70 percent of shoppers visit grocery stores with random intervals and 30 percent with relatively fixed intervals which supports the findings.

3. It is seen that maximum number of respondents purchased staples and other food products from unorganised outlet and they will not purchase the same products from an organized outlet. As already explained the strong holds of an unorganized retailer is the personal care given to the customers, closeness to the residence of the respondents and various facilities like credit facility and home delivery. This findings are supported by a study conducted by Seiders et al, 2000 He observed that while supercenter primary shoppers identified low price and assortment more often as the reason for store choice traditional supermarket primary shoppers were less willing to trade off locational convenience or, in some cases, quality and assortment.

4. The first hypothesis tested in this set using Chi Square analysis was there is no significant relation between the amount spent by the organized respondents during one visit and the distance of their residence from the outlet. The analysis resulted that there is no significant relation between the amount spent by the unorganized respondents during one visit and the distance of their residence from the outlet. It is to be inferred from the above findings that the quantities of the products purchased during one visit and hence the
amount spent by the customers in an unorganized outlet will be
independent of the distance of the respondent’s residence from the
outlet.

5. Another hypothesis tested using Chi Square test was there is no
significant relationship between the amount spent by the respondent
during one visit and the mode of transport used by them to reach the
outlet. From the results of the study supports the hypothesis. In the
earlier findings it is understood that majority of the respondents stay
very close to the unorganized outlet who come to the outlet by walk
and they generally buy staples and other perishable food items in
small quantities from the unorganized outlets.

6. Yet another hypothesis tested using Chi Square test was there is no
significant relationship between the amounts spent by the respondent
during one visit and the frequency of purchases from the outlet. The
findings support the hypothesis. It is to be inferred that there is no
particular pattern of spending by the consumers in an unorganized
retail outlet. Since the majority of respondents belong to the low
income group and middle income group, their purchases will not follow
a particular pattern.

7. The hypothesis that there is no significant relationship between
amount spent by the respondent during the visit to the unorganized
outlet and their average monthly household income has been tested
using Chi Square analysis. It is inferred that there is no significant
relation between average monthly household income of the
respondents and their purchase during this visit.
8. Another hypothesis tested using ANOVA was that there is no significant difference between the distance of respondent’s residence and the various products purchased by them. From the study it is inferred that there is a significant difference in the purchase staples and others with respect to the distance of respondent’s residence.

9. The hypothesis that there is no significant difference between the purchase of various product categories by the respondents and the mode of transport used by them to reach the outlet was tested using ANOVA test. It is inferred that there is a significant difference in the purchase of staples by the respondents and the mode of transport used by them to reach the outlet.

10. Another hypothesis tested using ANOVA was there is no significant difference among the frequency of purchase and the different product category purchased by the respondent. The results of analysis indicate that there is a significant difference with respect to frequency of purchases and the purchase of staples and other products.

11. The hypothesis that there is no significant difference in the purchase of various product categories used for analysis by the respondent and their average monthly income was tested. It is inferred through ANOVA test that there is a significant difference among average household income of the respondents and the purchase of other food grains, cooking oil/ ghee, packaged foods and others.

6.2.3 Profile and buying behaviour of customers of organized retailer

1. Majority of respondents visiting the organized outlet belonged to the age category of 20-29 years. It is also seen that the maximum
respondents visiting the organized outlets are married and they visit along with some companion basically family members. Further, majority of the respondents own a vehicle and belong to the category of upper middle income and high income group. From these findings it could be inferred that the majority of consumers visiting the organized outlets belong to the category of Nuclear Urban Family. The main characteristics of a Nuclear Urban Family are the members are highly individualistic, they have adequate spending power, the members have divergent tastes and they have unique needs that require its solutions. As brought out by Sherrell (1989) consumers receive pleasure in addition to merchandise as outcomes of a shopping trip. The consumers visiting organised retail outlet with companion expect the visit to be entertaining and pleasurable. Earlier studies by Taylor and Cosenza 2002 and Gruen 1973 also talks about the trend of malls providing large areas, focused on entertaining consumers while they are in the facility

2. Majority of the respondents, makes purchases (includes purchases made from both Organised and Unorganised retail outlet) more than thrice a month. However, if we consider only purchases made from organised outlets, then majority of respondents visits the Organised outlet only once or twice a month. This shows that even consumers who regularly visit Organised retail outlet who are fully aware of the advantages of organised outlet, still visit Unorganised outlet also regularly for various reasons. As brought out by Sinha and Banerjee, 2004 the major drivers for choosing a grocery store in India could be
nearness to place of residence and the comfort level that the respondents has in dealing with the store owner.

3. Maximum number of respondents purchase household products and packaged food from the organized outlet. These findings are in line with an earlier study by Chandrasekhar, 2001, Sen, 2000; Bhatnagar, 2002 where they talk about the relationship between the type of store and the type of products.

4. One of the hypotheses tested using Chi square analysis was there is no significant relationship between the distance of the respondent’s residence and the amount he spends in the outlet. It is seen that there is significant relation between distance of residence of the organized respondents and the amount spend at organized outlet. The majority of respondents who visits the organized outlets at a distance between 1km-5km. They tend to spend maximum compared to the respondents who stay far away from the outlet. Most of the organised retail outlets in Visakhapatnam are located in locations which cater for upwardly mobile consumers staying in 1-5km area. A study carried out by Amitava Roy in 2010 on the buying behaviour of consumers of organised outlet in Ludhiana had also found that most of the consumers of organised retailers would like to visit the nearest organised outlet.

5. Another hypothesis tested was there is no significant relationship between the amount spent in the outlet and frequency of purchases of the respondents. The results show that there is a relationship between
the amount spent by the respondent in the organized outlet and the frequency of purchases of the respondents. Most of the consumers of organised retail outlets of Visakhapatnam fall into the category of regular income group, who monthly expenditure on purchases is commensurate with their income. This means that even though the frequency of visit may vary in a particular month the overall amount spend in a month remains by and large same. Consequently, the amount spends on each visit in a month will vary according to the number of visits made in that month. This also implies that the some of visits to the organised retail outlet would have been a family outing for entertainment.

6. A very important hypothesis tested was there is no significant relationship between the average monthly household income of the respondents and the amount they spend at an organized outlet. It is inferred from the Chi Square analysis that there is a significant relation between average monthly household income of the organized retail consumer and the amount they spend at organized outlet. Further, since the majority of the respondent’s who visits the organized outlets belong to the high income group, they tend to spend more.

7. Another hypothesis tested in this section was the distance of the respondent’s residence will not have an impact on the purchase of different items from the outlet. This hypothesis was tested using ANOVA. The results suggest that among the various product categories of the outlet, there is no significant difference in the purchase of household cleaning products with respect to the distance
of respondent’s outlet. For staples, oil, other food grains, toiletries etc it is quite unlikely consumers will travel long distances. They may opt to nearby kirana shops for these items. Whereas for house cleaning products which are generally bought on a monthly basis, they opt for organised outlet, even if they are located at a distance.

8. Yet another hypothesis tested using ANOVA was there is no significant difference in the frequency of purchase from the outlet and the product category purchased. However, the results indicates that there is a significant difference in the purchase of Staples, Household cleaning products, Fruits and Vegetables and others by the frequency of purchases made by the respondents in a month.

9. The last hypothesis tested using ANOVA in this category is that the various products purchased by the respondents in an organized outlet are not dependent on their average monthly income. It is inferred that the null hypothesis is rejected in the case of staples, cooking oil and toiletries. In all the other cases the null hypothesis is accepted.

6.2.4 Multiple Regression Analysis

Apart from the above mentioned findings, a multiple regression analysis was used for testing the influence of certain variables on preference of retail outlets by the customers. The dependent variable for the analysis is preference in selecting unorganized outlet and organized outlet. The Consumers appear to be preferring the retail outlet keeping in view of Price, Location, Service, distance, and amount of purchase. Also personal characteristics like age and education of the consumers also influence the
preference of the outlets. The findings are in line with few earlier studies. An empirical study was carried out by Sinha et al (2002) to identify factors that influenced consumers’ choice of a store, identified that two most important reasons for choosing a store were convenience and merchandise. An earlier study by Baltas and Papastathopoulou, 2003 described that, customers attach considerable importance to store location for grocery shopping. Sinha (2005) carried out a study on format choice of food and grocery retailer and identified that has been found to be influenced by local culture.

6.3 Suggestions

Suggestion to the unorganized Retailers:

1. The finding of the customer survey with respect to the factors influencing in selecting an outlet indicates that the services and facilities provided by the outlet is a deciding factor for choice of outlet. Hence unorganized retailers should aim at imbibing facilities like air-conditioning, electronic weighing machines, computerized billing etc which are the strong features of organized retailers. Further, to retain their customers and attract more customers, unorganised retailers need to continue with the services like home delivery and cash credit which are attractive features of unorganised retailers.

2. The customers do not mind traveling greater distances to reach an organized outlet for the purchase of packaged foods household cleaning products and fruits & vegetables. This could be due to the wide choice of these products available in organized retail outlet. Hence unorganized retailer should endeavor to add more variety of
household cleaning products, packaged food and fruits & vegetables in their outlet.

3. The Unorganized retailer here follows the Concentrated Marketing Strategy, which is aimed at connecting with and selling products to a specific consumer group. The Unorganised retailer should therefore focus on the staples that are essential for the given locality, in terms of availability, quality and variety.

4. The Unorganised retailer needs to cater for an optimum store area to adapt to the changing requirement of the market. The finding that there is a significant difference with regard to the size of store and how the retailer deals with market trends and competition also corroborate the fact that the store area of an unorganized retailer has a significant bearing on his adaptability to change.

5. Unorganised retailers should leverage cost effective technologies such as SMS, e-mail, etc to extend the reach of his personal touch with consumers.

Suggestions to policy makers and other stakeholders:

1. It is felt that a successful unorganized retailer should try and consolidate his strongholds, wherein he utilizes the available resources and innovative methods to face the challenge from the organized retailers. Towards this, initiatives like co-operative collaboration which enables individual retailers to match the prices offered by organized retailers should be encouraged. It will entail central sourcing of
consumer goods by cooperative and then passing out the goods to the individual retailers along with the price advantage. This will then result in large base of consumers preferring to do business with the friendly unorganized retailer.

2. It is beneficial for the unorganized retail to find ways and means to give a facelift to his outlet. In this direction, innovative programmes such as ‘super value store programme’ which are aimed at small unorganized retailers to update their look and help them add value to their stores should be encouraged. As per this the FMCG companies will be buying shelf space from the retailer and will be giving some discount to their retailers on their products. Besides these tangibles they also train unorganized retailers on modern retail basics.

3. The survey findings are indicative of the fact that in Visakhapatnam, there is a definite distinct space for each type of retail formats. The varying socio-economy and cultural aspects plays a vital role in the preference of outlet. Not withstanding this modern efficient ways of conducting business is the need of the hour irrespective of the type of the retail outlet. The unorganized retailer in particular needs to be fully aware of this reality. The lower levels of education prevalent in the unorganized retail sector along with the instances of agitations against organized retail formats calls for institutionalized intervention by government agencies towards educating unorganized retailer.

4. One of the major hurdles in the development of unorganized retailer is lack of adequate funds. Majority of them are small scale retailers who don’t have the wherewithal to upgrade themselves to meet the
changing market conditions. The government/financial institution may consider this and offer adequate funds in the form soft loans. This is relevant considering the agitation by the unorganized retailers.

**Suggestions to Organised Retailers:**

1. One of the key observations by customers is that it is very difficult to find the uniqueness of retail stores. Uniqueness in retailing require innovation leading to distinct retail models through an appropriate mix of physical stores and online formats, aided by technology drivers like mobile phones, could be used by companies to create unique retail models that reach out to a wider customer base in shorter times and at lower costs. Companies in India should seriously consider leveraging existing lines of business into retail formats, whether through a chain of stores or online sales models. There are ample niche opportunities for companies who wish to enter the retail business and develop unique value propositions for their customers.

2. The main characteristics of a Nuclear Urban Family are the members are highly individualistic, they have adequate spending power, the members have divergent tastes and they have unique needs that require its solutions. These consumers receive pleasure in addition to merchandise as outcomes of a shopping trip and expect the visit to be entertaining and pleasurable. The organized retailer should model his outlet to meet the requirement of these target consumers who constitute the major portion of their customer base.
3. Work out a strategy to build franchise model to control the rent and employees costs which are biggest operating costs of organized retail business.

6.4 Conclusion

The study was aimed at establishing the impact of entry of organised retailer on traditional unorganised retailers. The impact has been studied with respect to the buying behaviour of retail consumers in Visakhapatnam. The researcher has also attempted to draw an analogy between the findings of this study on other emerging cities of Andhra Pradesh considering the homogeneity of socio-economic profile of customers in these cities.

To facilitate the study survey was conducted on 200 unorganised retailers, 200 customers of unorganised retailers and 200 customers of organised retailers from five assembly constituencies of Visakhapatnam using simple random sampling method. Two set of structured questionnaires were used for this purpose. The data has been analysed using various statistical tests. The results also indicate that there is clear distinct space for Organised and Unorganised retailers to operate in a city like Visakhapatnam. While a large scale transformation of retail outlet is forecasted, current study indicates that the organized and unorganised retailers targets to meet very specific needs of customer and hence there is adequate space for both to operate simultaneously.

Even though the customers of unorganized retailers stay loyal to them, they support the view of opening up of new large organized retail outlets. This indicates that for certain products the customers would like to depend on an
organized despite being loyal to the unorganized retailer for products of daily use. This supports the view that there is distinct space for both types of retailers to exist.

It is evident from the study that even the unorganized retailer is aware of the need to change with time and they too feel that supermarkets are the way to future. More and more unorganised retailers are willing to emulate the features of an organized retail outlet, which makes their functioning more efficient and adds to the convenience of the customers. When it comes harnessing new technologies that would enhance the efficiency of the outlet, the unorganized retailers are prepared to accept newer ways.

The perception among majority of unorganized retailers that features like cash credit and home delivery to its customers would help attract / retain their customers, indicates the resolve of the unorganised retailer to hold on to his strong points. It may be noted that, it is the very fact that the unorganized retailer caters for the customers in the close vicinity that enables him to resort to such services, which could not be easily emulated by organized retailers catering for mass. Further unorganized retailers are not finding any serious threat to his business. However, he is fully aware of the changing times and the requirement of adaptation. He is willing to diversify or modulate his business to meet these requirements, provided fund are available.

The data analysis also proved that the consumers appear to prefer the retail outlet keeping in view of price, Location, Service, distance, an amount of purchase. Also personal characteristics like age on education of the Consumers are influencing the preference of the outlets.
The findings of the study bring out certain definite way ahead for the unorganised retailer. A few them, such as, upgradation of the store facilities and widening the range of services provided by the retailer, cooperative collaboration, super value programmes, fund allocation in the form of bank loans etc have been highlighted.

Despite the strength of apparent plausibility of the above findings, some of the limitations of the study are large population size, focus only on consumer behavioural aspects and does not cover other aspects such as logistics, supply chain, Store area etc., and element of personal bias in the survey method.

6.5 Scope for further research

While this research will provide greater understanding of the impact of organized retailer on unorganized retailer based on the purchase behaviour of the consumers, further research is encouraged to address some limitations of this research. The scope of the study is limited as it focuses on only on the buying behaviour of the consumers leaving the other gamut of activities associated with retailing such as supply chain aspects, logistics aspects, financial aspects, environmental aspects etc: Further the study is restricted to food and grocery retailing whereas category wise analysis will provide a better understanding of the sector. Since the study is aimed at establishing the impact on the unorganized retailers, the analysis and findings are more concentrated on unorganized retailer. A similar threadbare analysis of organized retailer will throw more light on the challenges faced by each sector.